

Message Text

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FOR USEEC

FOL RPT GENEVA 04113 SENT ACTION SECSTATE
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QUOTE: C O N F I D E N T I A L

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FOR EB/FP; AID/FP; PASS ELECTRONICALLY AGRICULTURE FOR
HATHAWAY AND NOVOTNY, AND STR FOR STARKEY

E.O. 11652: N/A
TAGS: ETRD EAGR OCON
SUBJECT: FOOD AID CONVENTION

REF.: GENEVA 3706

1. SUMMARY: FOOD AID COMMITTEE MET MARCH 15 WITH
CANADA PLEDGING 750,000 TONS. U.S. SPOKE IN SUPPORT OF
EMERGENCY PROVISION FOR SPECIAL NEEDS RECEIVING LDC
BACKING AND NO OUTRIGHT DONOR SUPPORT, WITH EC AND SWEDEN
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OPPOSED. U.S. CONTINUED OPPOSITION TO INCLUSION RICE.
EC INTRODUCED MEASURES REQUIRING SPEARATE LISTING IN
ARTICLE III(3) OF GRANTS VS. CONCESSIONAL SALES, AND
REQUIRING A REPORTING UNDER ARTICLE IV OF "GIFT EQUIVA-
LENCE" OF CONCESSIONAL SALES. END SUMMARY.

2. AFTER A SERIES OF INFORMAL SMALL GROUP MEETINGS

SINCE LAST FORMAL FOOD AID COMMITTEE MEETING ON MARCH 7, CHAIRMAN MULIRO CALLED FORMAL FULL COMMITTEE MEETING ON MARCH 15. CANADA STARTED SESSION WITH ITS COMMITTEE SPOKESMAN (NOT MINER) ANNOUNCING 750,000 TON COMMITMENT ANNUALLY OF FOOD GRAINS "AS PART OF AN INTERNATIONAL WHEAT AGREEMENT ACCEPTABLE TO CANADA," ADDING THAT CANADA WILL CONTINUE TO ACCEPT REQUESTS FOR ADDITIONAL GRAINS AID. CHAIRMAN NOTED THAT CANADIAN PLEDGE WAS A "POSITIVE GESTURE," BUT LDCS CLEARLY DISAPPOINTED AS NO ONE FOLLOWED CHAIRMAN TO MAKE ANY COMMENT ON CANADIAN CONTRIBUTION. REASON FOR CANADIAN PLEDGE LESS THAN EXPECTED ONE MILLION TONS UNCLEAR AS THEY SAY THEY NEEDED TO PROVIDE ROOM FOR FLEXIBILITY TO SUPPLY OTHER FORMS OF GRAINS AND AGRICULTURAL ASSISTANCE.

3. USDEL THEN SPOKE IN SUPPORT OF THE SPECIAL PROVISION FOR EMERGENCY NEEDS TABLED DURING PREVIOUS SESSIONS. MOST LDCS PRESENT IMMEDIATELY SPOKE BRIEFLY IN SUPPORT OF PROVISION (INDIA, MADAGASCAR, BANGLADESH, EGYPT), WITH BANGLADESH NOTING THAT IT APPEARED TO BE AN ENABLING PROVISION. EC, SUPPORTED BY SWEDEN, OPPOSED PROVISION, STATING THAT FOOD AID COMMITTEE NOT EQUIPPED TO DETERMINE SERIOUSNESS OF SHORTFALL, AND RAISING A NUMBER OF MINOR ADMINISTRATIVE PROBLEMS. EC POINTED OUT THAT COMMUNITY ANNUALLY SETS ASIDE A RESERVE FOR EMERGENCIES, AND THAT IT IS UNDESIRABLE FOR THE FOOD AID COMMITTEE TO DUPLICATE THE WORK OF THE COMMITTEE ON FOOD AID OF THE WORLD FOOD LIMITED OFFICIAL USE

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PROGRAM. AUSTRALIA AND CANADA EXPRESSED POLITE INTEREST BUT NOTED SHORT TIME LEFT IN NEGOTIATION, MAKING IT VIRTUALLY IMPOSSIBLE TO GET THEIR GOVERNMENTS' APPROVAL. AUSTRALIA PREFERS TO FOCUS ON THE WFP AND THE IEF, WHILE CANADA SAID IT WOULD HAVE PROBLEMS BUDGETING FOR AN EVENT THAT MIGHT NOT OCCUR. JAPAN CONFINED ITSELF TO MODERATE DISAPPROVAL, SAYING IT PREFERRED TO HANDLE SUCH MATTERS BILATERALLY. ISSUE WAS LEFT FOR INFORMAL DISCUSSIONS AND NEXT FORMAL MEETING.

4. OTHER MAIN EVENT WAS INTRODUCTION BY EC OF TWO MEASURES AIMED AT U.S. THE FIRST WOULD AMEND ARTICLE III(3) TO REQUIRE SUBHEADINGS OF "GIFTS OR GRANTS" AND "CONCESSIONAL SALES". THE SECOND WOULD AMEND ARTICLE IV BY ADDING TO END OF PARA 3(A) "IN PARTICULAR, WHERE AID CONTRIBUTIONS ARE MADE OTHER THAN AS OUTRIGHT GIFTS, THE DONOR MEMBERS CONCERNED SHALL REPORT THE GIFT EQUIVALENCE OF SUCH CONTRIBUTIONS. THE METHOD OF CALCULATING SUCH GIFT EQUIVALENCE SHALL BE ESTABLISHED IN THE RULES OF PROCEDURE OF THE COMMITTEE." IN RESPONSE, USDEL SPOKE AT LENGTH EXPRESSING: (1) SURPRISE AT THIS LATE CHANGE TO AGREED UPON ARTICLES; (2) CONCERN THAT THIS WOULD

REQUIRE U.S. TO REVIEW TECHNICALLY THE SIZE OF ITS
COMMITMENT; AND (3) GENERAL DIFFICULTIES OF COMPUTATION,
ESPECIALLY WITH REGARD TO TITLE III P.L. 480. U.S.
REQUESTED EC TO WITHDRAW PROPOSALS AND CHAIRMAN SUGGESTED
EC RECONSIDERATION, ESPECIALLY SINCE NO OTHER DEL SPOKE
IN FAVOR OF EC PROPOSAL. EC AGREED TO RECONSIDER. EC
MOTIVATION IS TWO-FOLD. FIRST, THIS PLUS TRANSPORTATION
EXPENSE LIST PROPOSAL (REF PARA 15 GENEVA 3353) ENHANCE
EC CONTRIBUTION, WHICH IS EXPECTED TO BE ONLY marginally
GREATER. SECONDLY, EC MAY WISH TO OFFER WITHDRAWAL
OF THESE TWO PROPOSALS AS BARGAINING CHIP.
5. OTHER ISSUES MENTIONED REFTEL UNRESOLVED, BUT IMMINENT
EC COMMITMENT PLUS RECENT INFORMAL DISCUSSIONS BY USDEL
INDICATE PIECES MAY SHORTLY FALL INTO PLACE TO PRODUCE A
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FAC SIMILAR TO PRESENT. JAPAN REMAINS A CIPHER, DESPITE
INCREASING CONTACT, SOME AT THEIR INITIATIVE. POSSIBLE
PACKAGE WOULD HAVE U.S. ACCEPTANCE OF INCLUSION OF RICE
IN FAC PLUS MUTUAL AGREEMENT ON FIXED PRICE ON ARTICLE
III(5) AROUND \$3/BUSHEL WITH ANNUAL FAC REVIEW IN EX-
CHANGE RESPECTABLE JAPANESE COMMITMENT AND POSSIBLE SUPPORT
SPECIAL PROVISION AND NON-SUPPORT FOR INCLUSION "OTHER
AGRICULTURAL PRODUCTS." VANDEN HEUVEL UNQUOTE VANCE

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